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Jay H. Maioli Cooper & Dunham 1185 Avenue of the Americas New York, NY 10036			FISCHER, ANDREW J	
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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 09/923,618  
Filing Date: August 07, 2001  
Appellant: Yodo, Fumitake

MAILED  
FEB 17 2005  
GROUP 3600

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Jay A. Maioli  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed November 24, 2004.

**(1) Real Party in Interest**

A statement identifying the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

**(3) Status of Claims**

The statement of the status of the claims contained in the brief is correct.

**(4) Status of Amendments After Final**

No amendment after final has been filed.

**(5) Summary of Invention**

The summary of invention contained in the brief is correct.

**(6) Issues**

Appellant's statement of the issues in the brief is correct.

**(7) Grouping of Claims**

Since there is only one claim pending and on appeal, this issue is moot.

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**(8)     *ClaimsAppealed***

The copy of the appealed claim contained in the Appendix to the brief is correct.

**(10)    *Art of Record***

U.S. 5,857,020

Peterson, Jr.

1-1999

(“Peterson ‘020”)

White, Ron, How Computers Work, Millennium Ed. Que Corporation, 9/1999.

Derfler, Frank J. et. al. How Networks Work, Millennium Ed., Que Corporation, 1/2000.

Gralla, Preston, How the Internet Works, Millennium Ed., Que Corporation, 8/1999.

**(11)    *Grounds of Rejection***

The following grounds of rejection are applicable to the appealed claims:

Claim 11 is rejected under 35 U.S.C. §102(b). This rejection is set forth in a prior Office Action, mailed on July 14, 2004.

Claim 11 is alternatively rejected under 35 U.S.C. §103(a). This rejection is set forth in a prior Office Action, mailed on July 14, 2004.

**(12)    *Acknowledgments & Other Preliminary Matters***

1. An appeal conference was held on or about Feb 13, 2004. In addition to the Examiner of record, Supervisory Patent Examiner Robert Olszewski and Supervisory Patent Examiner Joseph Thomas were present.
2. Unless expressly noted otherwise by the Examiner, the following two (2) citations to the Manual of Patent Examining Procedure (“MPEP”) apply to this Answer: MPEP citations to

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Chapters 100, 200, 500, 600, 700, 1000, 1100, 1300, 1400, 1500, 1700, 1800, 2000, 2100, 2200, 2500, 2600, and 2700 are from the MPEP 8<sup>th</sup> Edition, Rev. 2, May 2004. All remaining MPEP citations are from MPEP 8<sup>th</sup> Edition, August 2001.

3. All references in this Answer to the capitalized versions of "Appellant" or "Applicant" refers specifically the Appellant in this appeal. References to lower case versions of "appellant(s)" or "applicant(s)" refers to any or all patent appellant(s) or applicant(s) in general. Unless expressly noted otherwise, references to "Examiner" in this Answer refers to the Examiner of record while references to the lower case version of "examiner" refers to examiner(s) generally.

4. Paragraph numbering in this Answer is also provided for reference purposes only.

5. Table 1 in the appendix lists claim 11 and compares it Peterson '020. Thus Table 1 is a summary showing how Peterson '020 anticipates claim 11. Phrase numbers are for references purposes.

### **(13) New Issues in This Appeal**

6. The Examiner recognizes that the Board of Patent Appeals and Inferences ("Board") has the power to examine or reexamine patent claims and raise issues *sua sponte*.

The members of the Board of Appeals are denominated 'examiners-in-chief' in both 35 U.S.C. 3 ('Officers and employees') and 35 U.S.C. [6]. The title chosen by the Congress implies that the members of the board have authority to *examine or reexamine* appealed claims. [Emphasis in original]. *In re Loehr*, 500 F.2d 1390, 1392-93, 183 USPQ 56, 58 (CCPA 1974).

7. However it also well known that arguments which Appellants could have made but chose not to make in their brief should not be considered by the Board. See 37 C.F.R. §1.192(a) ("Any

arguments or authorities not included in the brief will be refused consideration by the Board of Patent Appeals and Interferences, unless good cause is shown.”).

8. The Examiner also notes that the Board is titled the “Board of Patent Appeals”<sup>1</sup> and not the ‘Board of Initial Examination.’ By restricting the Board to only *appeals*, the Board’s valuable time is not be wasted. Furthermore, while the Examiner recognizes that due process is an important consideration of the USPTO, Appellant is not pro se and are represented by presumptively competent counsel who could have raised any issue deemed meritorious to their case prior to this appeal.

9. In light of the above and because the Examiner is not aware of the “good cause” as required by 37 C.F.R. §1.192(a), the Examiner respectfully requests the Board to refrain from addressing issues *sua sponte*. While the Board clearly has the authority to raise such issues, a decision by Appellant or the Examiner on whether or not to raise a particular issue is formed only after careful consideration of the extensive administrative record. Other issues may have been contemplated and investigated by Appellants or the Examiner yet not found in the written record because such arguments were considered unsupportive, weak, or tangential to the issues presented herein.

10. Nevertheless, because the Board frequently addresses issues *sua sponte*, an examiner’s only recourse is to anticipate such issues in his or her answer. In this case, the Examiner has tried to address issues that have been raised by the Board. While this increases the size of the Answer, it is believed to be the only way the Examiner can provide arguments on those issues.

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<sup>1</sup> The formal name as stated in 35 U.S.C. §6(a) is the “Board of Patent Appeals and Interferences.”

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11. In particular, the Examiner notes that Appellant limits his appeal to specific points as outlined in his Brief. In particular, the Examiner notes that Appellants are challenging the Examiner only on Phrase Nos. 5 & 6 is noted in Table 1.

12. BECAUSE APPELLANT ONLY CHALLENGES PHRASE NOS. 5 AND 6 (as outlined in Table 1 in the Appendix) AND BECAUSE APPELLANT HAS NOT CHALLENGED THE EXAMINER'S FINDING THAT PETERSON '202 DISCLOSES PHASES 1-4 AND 7 (as outlined in Table 1), THE EXAMINER WILL NOT ADDRESS PHRASE NOS. 1-4 AND 7.

The Examiner again respectfully requests the Board to limit its examination to Phrase Nos. 5 and 6.

13. MPEP §1208 expressly states, "An examiner's answer should not refer, either directly or indirectly, to more than one prior Office action." Because of this MPEP provision, the Examiner as incorporated into this Answer various sections and/or paragraphs from previous office actions and Appellant responses. While this unfortunately increases the size of this Answer, it nevertheless complies with MPEP §1208.

**(14) Summary of the Prior Art**

14. Appellants are reminded that what a reference teaches is a question of fact. "What a reference teaches and whether it teaches toward or away from the claimed invention are questions of fact." *Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 53 USPQ2d 1580, 1587 (Fed. Cir. 2000) citing *In re Bell*, 991 F.3d 781, 784, 26 USPQ2d 1529, 1531 (Fed. Cir. 1993).

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In fact, during ex parte examination, examiners and examiners-in-chief are required to make these factual determinations.<sup>2</sup>

15. The following is a basic discussion of Peterson '020. While all documents of record are not addressed, Peterson '020 is believed to be of significant importance and provides both direct and indirect support for the factual and legal conclusion made by either the Examiner or the Board.

#### **Peterson (U.S. 5,857,020)**

16. Peterson '020 relates generally to distribution of secured prerecorded content and, in particular, to a method and an apparatus for enabling access.<sup>3</sup> Peterson '020 directly discloses but a hand held unit (86, 98, & 70 attached together) and an remote authorization center 16.<sup>4</sup> A user downloads songs in a secured format, pays money to unlock the songs, and the handheld unit makes the songs available for a limited period of time. The invention is not limited to songs since the invention also relates to service methodology based on distribution of secured content, such as, movies, music, games, information and the like.<sup>5</sup> Moreover, Peterson '020 recognizes

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<sup>2</sup> See *In re Berg*, 320 F.3d 1310, 1315, 65 USPQ2d 2003, 2007 (Fed. Cir. 2003) (“As persons of scientific competence in the fields in which they work, examiners and administrative patent judges on the Board are responsible for making findings, informed by their scientific knowledge, as to the meaning of prior art references to persons of ordinary skill in the art . . .”); *Waldemar Link GmbH & Co. v. Osteonics Corp.*, 32 F.3d 556, 558, 559, 31 USPQ2d 1855, 1857 (Fed. Cir. 1994) (“During the prosecution of the parent application, the patent Examiner acts as a fact finder.”).

<sup>3</sup> Peterson '020, C1, L5-10.

<sup>4</sup> Peterson '020, Figures 3 and 1.

<sup>5</sup> Peterson '020, C3, L54-58.

that automated authorization centers from which the decryption keys may be downloaded to the computer are old and well known.<sup>6</sup>

17. Moreover and with respect to anticipation, the third Final Office Action expressly stated:

Peterson '020 discloses in the alternative embodiment shown in figure 3: a terminal device (86, 98 and 70 all shown in figure 3); storing accounting points in a first memory (at 91); storing distributed information (76, 80-85, 78, 79, 93, and 92) distributed from an external source (inherent) and attributes corresponding to the distributed information (initially the content is unavailable); updating the accounting points storing in the first memory of the terminal device and updating attributes (the various attributes 76, 80-85, 78, 79, 93, and 92) of the distributed information (making the encrypted information available) when the attributes is stored (e.g. when an ID is added to list 92 making the encrypted content available); when the distributed information is stored (when medium 70 is burned, the secured data 79 is in an unavailable state); when the accounting points (the funds) are updated correctly (decremented) based upon the distributed information (the requested access), the secured content is updated to an available state; carrying out account processing in the accounting center (16) based upon the accounting points transmitted from the terminal device (adding more funds to the secured card 88 through the online access to the authorization center, column 2, ~lines 62-66); when the accounting points are not updated correctly (when the system detects that the user doesn't have enough funds); a request is made at the terminal device to the accounting center for purchasing the accounting points (through the online access to the authorization center, column 2, ~lines 62-66); carrying out another account processing (providing a monthly bill to the consumer showing funds added and funds used); restoring the accounting points in the first memory to an initial value (what ever value is restored is the initial value). Third Final Office Action, Page 2, Paragraph No. 2.

### **(15) Examiner's Arguments**

#### **(I) The Rejections**

##### **Anticipation**

18. Anticipation requires the Examiner to meet the 'All Elements Test.' "To anticipate a claim, a prior art reference must disclose every limitation of the claimed invention, either

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<sup>6</sup> Peterson '020, C1, L27-29.

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explicitly or inherently.” *In re Schreiber*, 128 F.3d 1473, 1477, 44 USPQ2d 1429, 1431 (Fed. Cir. 1997). In other words, all elements of the claimed invention must be disclosed in some fashion for the claim to be anticipated. Logically, the lack of a single element would negate anticipation. “[A]bsence from the reference of any claimed element negates anticipation.” *Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565, 1571, 230 USPQ 81, 84 (Fed. Cir. 1986). Yet it is important to keep in mind that “[a]n anticipatory reference, however, need not duplicate word for word what is in the claims.” *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1369, 21 USPQ2d 1321, 1328 (Fed. Cir. 1991). “While a reference must be considered not only for what it expressly teaches, but also for what it fairly suggests . . .” *In re Bell*, 991 F.2d 781, 785, 26 USPQ2d 1529, 1532 (Fed. Cir. 1993) (citations and quotations omitted).<sup>7</sup> In other words, “[t]he use of patents as references is not limited to what the patentees describe as their own inventions or to the problems with which they are concerned. They are part of the literature of the art, relevant for all they contain.” *In re Heck*, 699 F.2d 1331, 1332-33, 216 USPQ 1038, 1039 (Fed. Cir. 1983)(quoting *In re Lemelson*, 397 F.2d 1006, 1009, 158 USPQ 275, 277 (CCPA 1968)).<sup>8</sup>

19. In an effort to meet each claimed element in the ‘All Elements Test’, anticipation may also be established based upon a *combination* of a prior art reference and the knowledge of one of ordinary skill in the art. “A reference anticipates a claim if it discloses the claimed invention ‘such that a skilled artisan could take its teachings in *combination with his own knowledge of the*

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<sup>7</sup> See also *In re Widmer*, 353 F.2d 752, 757, 147 USPQ 518, 523 (CCPA 1965)(noting that a reference is not limited to its examples, but is available for all that it fairly discloses and suggests).

<sup>8</sup> See MPEP §2123, Subsection titled “Patents Are Relevant as Prior Art for All They Contain.”

*particular art and be in possession of the invention.* [Emphasis in original.]”’ *In re Graves*, 69 F.3d 1147, 1152, 36 USPQ2d 1697, 1701 (Fed. Cir. 1995) citing *In re LeGrice*, 301 F.2d 929, 936, 133 USPQ 365, 372 (CCPA 1962) and noting that regarding the claimed “simultaneously monitoring the selected multiple connection points,” the prior art “nevertheless anticipates [the claimed invention], even if it does not specifically disclose simultaneous monitoring of the output points, if simultaneous or parallel monitoring is within the knowledge of a skilled artisan.” *Graves*, 69 F.3d at 1152, 36 USPQ2d at 1701. See also *In re Donohue*, 766 F.2d 531, 533, 226 USPQ 619, 621 (Fed. Cir. 1985) for the same statement of law and also citing *In re LeGrice*.

20. It is the Examiner’s principle position that claim 11 is rejected under 35 U.S.C. §102(e) as being anticipated by Peterson ‘020 in combination with the knowledge of one of ordinary skill in this art.

21. To help determine what is the knowledge of one of ordinary skill in this art, the Examiner has provided additional references for the Board to help establish old and well known computer and computer network related structure and concepts. The following is from the Office Action mailed August 14, 2003:

In accordance with *In re Lee*, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434-35 (Fed. Cir. 2002), the Examiner finds that the references How Computers Work Millennium Ed. by Ron White; How Networks Work, Millennium Ed. by Frank J. Derfler et. al.; and How the Internet Works, Millennium Ed. by Preston Gralla are additional evidence of what is basic knowledge or common sense to one of ordinary skill in this art. Each reference is cited in its entirety. Moreover, because the references are directed towards beginners (see “User Level: Beginning . . .”), the Examiner finds that the references are primarily directed towards those of *low* skill in this art. Because the references are directed towards those of low skill in this art, the Examiner finds that one of *ordinary* skill in this art must—at the very least—be aware of the knowledge and information contained within the references.

22. This knowledge and information in addition to the structures and concepts in these three (3) references can therefore be used in conjunction with Peterson '020 or any other prior art document of record to assist with establishing anticipation (or obviousness for that matter) because the Examiner has established (and Appellant has failed to rebut) that such knowledge and information is well within the knowledge of a *skilled artisan*. As noted above from *In re Graves*, “A reference anticipates a claim if it discloses the claimed invention ‘such that a skilled artisan could take its teachings in *combination with his own knowledge of the particular art and be in possession of the invention.* [Emphasis in original.]’” *Graves*, 69 F.3d at 1152, 36 USPQ2d at 1701 (citations omitted). Finally, the Examiner notes that Appellant has not contested the finding that the reference

### **Obviousness**

23. Claim 11 is alternatively rejected under 35 U.S.C. §103(a) as being obvious in view of Peterson '020.<sup>9</sup> It is the Examiner’s principle position that the claims are anticipated because the initial value is inherently any value. In other words, what ever value is restored, that value is deemed the initial value.

However if not inherent, it would have been obvious to a person having ordinary skill in the art at the time the invention was made to modify Peterson '020 to include resetting to the initial value. This would occur if the terminal device had a maximum value upon which the user tried to reset the device to. For example, suppose the terminal device had a maximum value of

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<sup>9</sup> See MPEP §2112 expressly authorizing alternative §102/§103 rejections when the question of inherency is present in the anticipation rejection.

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\$100. If the user tried to put in any dollar amount greater than \$100, the terminal device would be reset to the initial value of \$100. Such a modification would have allowed for having the terminal reset to an initial value such as the disclosed \$5. As of the date of this Answer, Applicant has not challenged findings (noted above) regarding these three references.

24. It is the Examiner's alternative position that it would be obvious to perform the "adjust[ments]" at the authorization/accounting center. Such a modification would have allowed the content provider greater control over funds, replacement of funds should the user's terminal device become stolen, lost, or totally disabled. Moreover, it would help deter tampering with the terminal device and deter theft of services because the authorization center would track funds—not the terminal device. The user could therefore not alter the terminal device and illegally provide himself with additional funds since the funds.

***Why is There an Additional 35 U.S.C. §103 Rejection in this Appeal?***

25. The Examiner rejections include an alternative §103 rejection because of two separate and independent grounds.

26. First, should the Board raise issues sua sponte and find that a minor element is not disclosed yet that element is nevertheless legally obvious, the Board may still affirm and rely on the obviousness rejection present in the appeal.

27. Second, because appeal conference conferees change without notice; because it is apparent that some conferee(s) will not send an appeal to the Board based solely upon a §102 anticipation rejection; because alternative §102/§103 rejections are expressly authorized by MPEP §2112 when inherency is involved; and because "[i]t is well settled that anticipation is the

epitome of obviousness," *In re McDaniel*, 293 F.3d 1379, 1385, 63 USPQ2d 1462, 1466-67 (Fed. Cir. 2002)(citations and quotations omitted); the Examiner almost always includes a §103 rejection as a backup rejection in all his office actions. Like most cases however (including this case), it is the Examiner's position that the §103 rejection is not needed because the claims are anticipated.

An appeal conference is now required to send cases to the Board. Moreover, the Examiner can not foresee when an applicant will appeal and which conferees will be assigned to the appeal. Because the Examiner's rejections must be able to not only withstand review by the Board but also review by at least two appeal conferees, it almost always better to have a §103 rejection in the case to satisfy the concerns of the conferee(s) even though it is the Examiner's position that such §103 rejection(s) are not needed. This procedure followed by the Examiner prevents the unnecessary reopening of prosecution when conferee(s) desire the rejection to be based upon §103 instead of §102 no matter how anticipatory the reference. Such unnecessary reopening increases pendency, clouds the record, and requires additional time by both examiners and appellants alike.

**(16) Response to Arguments**

28. Appellant argues that Peterson '020 does not disclose Phrase No. 5. In particular, appellant states that Peterson '020 "is merely teaching the use an online authorization process, wherein consumer purchases the right view a movie certain fee. There is no transmission of

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accounting points from the terminal device the accounting center such system.”<sup>10</sup> The Examiner respectfully disagrees.

29. While the Examiner agrees that the transmission of accounting points is not directly disclosed, the Examiner finds one of ordinary skill in the art would clearly recognize that this is the preferred method of “adjusting” the amount of prepaid funds 91.

***Two Ways of “Adjusting” the Amount of Prepaid Funds***

30. Peterson ‘020 directly discloses that “the amount of prepaid funds 91 may be adjusted in return for receiving monetary compensation . . . .”<sup>11</sup> It is worth noting that Peterson ‘020 does not ‘replace,’ ‘support,’ ‘surpass,’ or ‘renew’ the amount of prepaid funds but instead uses ‘adjusted.’ Adjusted implies to one of ordinary skill in the art that the additional funds 91 the user is purchasing is added or aggregated to any residual funds remaining in the user’s account. Next, the “adjusting” has to occur either at the accounting center or at the terminal device.

31. If the “adjusting” occurs at the accounting center, the remain prepaid fund must be transmitted to the accounting center so that the user’s residual prepaid funds (e.g. \$.75) may be aggregated to his or her purchased amount. Because Peterson ‘020 establishes that authorization centers are known in the art, the “adjusting” must occur in the authorization center/accounting center. If this is how the adjusting occurs, it is clear to one of ordinary skill in the art the “account processing” in Phrase No. 6 must also occur.

32. On the other hand, if the Board believes that the “adjusting” as disclosed in Peterson ‘020 occurs in the terminal device—even though the detailed discussion of how the terminal device in

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<sup>10</sup> Appellant’s First Appeal Brief filed November 24, 2004, Page 6, ~ L9-13.

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Peterson '020 operates clearly *omits* such a description—the Examiner respectfully requests the Board to make this finding of record. Upon such a finding, the Examiner agrees that the Board must reverse the Examiner's rejections. Upon a reversal on these grounds the Examiner will promptly issue this case.

33. The Examiner requests the opportunity to present arguments at an oral hearing.
34. For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,



gj Fischer 2/16/05

Andrew J. Fischer  
Primary Examiner  
Art Unit 3627

AJF  
February 15, 2005

Conferees:

Robert Olszewski,   
Supervisory Patent Examiner, Art Unit 3627

Joseph Thomas,   
Supervisory Patent Examiner, Art Unit 3627

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<sup>11</sup> Peterson '020, C9, L47-50

Phrase No	Claim 11	Peterson, Jr. (U.S. 5,857,020)
1	A data processing method in an accounting system including an accounting center and a terminal device communicating with the accounting center	A data processing method in an authorization center 16 and a terminal device (the combination of storage medium 70 and corresponding medium reader 98 which is coupled to controller 86 as shown in Fig. 3. See also C 9, L 32-36 & C 10, L 9-14.
2	Storing accounting points in a first memory of the terminal device	Storing “an amount of funds 91 prepaid by the consumer” in secure card 88. C 9, L 44-48.
3	Storing distributed information distributed from an external source and attributes corresponding to the distributed information in a second memory of the terminal device and setting the attributes to an unavailable state	Storing the secured content within 79 , C 9, L 36-41. This content is distributed from an external source 16 and having availability attributes, i.e. list 92 of authorized access records and a decryption key 93. The attribute is originally set to unavailable since the list is initially blank.
4	Updating accounting points stored in the first memory of the terminal device and updating attributes of the distributed information from the unavailable state to an available state when the accounting points are updated correctly based on the distributed information	Updating ( <i>i.e.</i> decrementing) the amount of prepaid funds and updating the attribute of the secured content from unavailable to available upon via the unlocking process, C 9, L 54 – C 10, L 3. The “prepaid funds 91 is decremented by the appropriate amount.” C 9, L 63-66.
5	Transmitting the accounting points stored in the first memory of the terminal device to the accounting center	Transmitting the amount of prepaid funds 91 from the terminal device to the authorization center 16. Inherent in the automatic online process. C 9, L 48-53.
6	Carrying out an account processing in the account center based upon the accounting points transmitted from the terminal device, and	Adjusting the amount of prepaid funds 91 in return for the authorization center 16 receiving monetary compensation. The account processing being the user’s total available funds which is equal to their residual prepaid funds available plus prepaid funds purchased via the automatic online process. C 9, L 48-53.
7	Restoring the accounting points in the first memory to an initial value after receiving a notification from the account center indicating that the account processing has ended normally.	After the User has purchased additional prepaid funds, this value is returned to the terminal device and is designated prepaid funds 91. This new value of funds is an initial value.

**Table 1. Claim 11 as It is Anticipated By Peterson ‘020**